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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

ROBERT "BOB" BURNS - Chairman
BOYD DUNN
SANDRA D. KENNEDY
JUSTIN OLSON
LEA MÁRQUEZ PETERSON

JAN 22 2021

DOCKETED BY

JS

In the matter of

ALFRED BACA, an unmarried man,

CHRYSOLOGY CAPITAL GROUP, LLC,
an Arizona limited liability company,

Respondents.

DOCKET NO. S-21124A-20-0292

DECISION NO. 77879

**ORDER TO CEASE AND DESIST, ORDER
FOR ADMINISTRATIVE PENALTIES, AND
CONSENT TO SAME**

**BY: RESPONDENTS ALFRED BACA AND
CHRYSOLOGY CAPITAL GROUP, LLC**

Respondents Alfred Baca and Chrysology Capital Group, LLC ("Respondents") elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist, Order for Administrative Penalties, and Consent to Same ("Order"). Respondents admit the jurisdiction of the Arizona Corporation Commission ("Commission"); admit the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

I.

FINDINGS OF FACT

1. At all relevant times, Alfred Baca ("Baca") has been a resident of the state of Arizona.
2. Chrysology Capital Group, LLC ("Chrysology") is a member-managed limited liability company organized under the laws of the state of Arizona on or around August 1, 2005.

1 3. At all times, Baca has been the sole member of Chrysology.

2 4. Neither Baca nor Chrysology have ever been licensed with the Commission in any
3 capacity.

4 5. In January 2018, Respondents fraudulently sold unregistered securities in the form
5 of investment contracts on at least two occasions in exchange for at least \$42,000.

6 6. In January 2018, Chrysology entered into two "Corporate Guarantee Agreements"
7 ("Agreements") with an Arizona resident and a Utah resident (collectively "Investors").

8 7. Neither of the Investors are accredited investors.

9 8. Baca executed the Agreements on behalf of Chrysology as its managing member.

10 9. The Agreements provide that the Investors "ha[d] undertaken to make available to
11 Chrysology cash funds in the amount of \$21,000 (Twenty-One Thousand United Stated Dollars)."

12 10. The \$42,000 was purportedly to be used for the appraisal of diamonds that would be
13 used to secure or facilitate a separate transaction.

14 11. Pursuant to the Agreements, Chrysology agreed to pay \$21,000 each to the
15 Investors, upon request, if they had not each received a return of \$210,000 within forty-five days
16 from the date their respective funds were transferred to Chrysology's bank account.

17 12. One of the Agreements states that "... this guarantee does not extend to any and all
18 profits to be made from the use of the \$21,000 . . . and the profit disbursement is contingent upon
19 the success of an independent transaction done through [Chrysology]."

20 13. The Investors had no power or authority to control Chrysology, nor did they have
21 any participatory role in the transaction other than providing the funds to be used.

22 14. Shortly after the Agreements were executed, Respondents received two wire
23 transfers of \$21,000 each.

24 15. One of the wire transfers included funds from multiple individuals who had
25 combined their funds to invest, one of whom was the Arizona resident who signed one of the
26 Agreements.

16. Both \$21,000 wire transfers were sent to a bank account in the name of Chrysology Capital Group, LLC.

17. Baca was the sole signor on the bank account to which the two \$21,000 wire transfers were sent.

18. Through the Agreements, Respondents falsely represented to the Investors that Chrysology's execution of the Agreements would not violate ". . . any provisions of law, regulations or any judgment . . ." and that "the obligations expressed to be assumed by [Chrysology] in this Agreement are legal, valid, binding, and enforceable."

19. None of the \$42,000 paid to Respondents was used to pay for the appraisal of diamonds.

20. Respondents misappropriated certain funds by using the funds on Baca's personal expenses, such as purchases at restaurants, pharmacies and convenience stores.

21. The Agreements were not registered with the Commission as securities.

22. None of the investors received payments of \$210,000.

23. Respondents repaid the Investors the amount they invested in August 2020.

II.

CONCLUSIONS OF LAW

24. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

25. Respondents offered or sold securities within or from Arizona, within the meaning of A.R.S. §§ 44-1801(16), 44-1801(22), and 44-1801(27).

26. Respondents violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.

27. Respondents violated A.R.S. § 44-1842 by offering or selling securities while neither registered as a dealer or salesman nor exempt from registration.

28. Respondents violated A.R.S. § 44-1991 by (a) employing a device, scheme, or artifice to defraud, (b) making untrue statements or misleading omissions of material facts, and (c) engaging in transactions, practices, or courses of business that operate or would operate as a fraud or deceit. Respondents' conduct includes the following:

- a. Falsely representing that the investment proceeds would be used to pay for the appraisal of diamonds to secure a separate transaction;
- b. Misappropriating certain investment proceeds by using them to pay for Baca's personal expenses; and
- c. Falsely representing that the Agreements were legal and did not violate any provisions of law.

29. Respondents' conduct constitutes grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

30. Respondents' conduct constitutes grounds for administrative penalties under A.R.S. § 44-2036.

31. Baca directly or indirectly controlled persons or entities within the meaning of A.R.S. § 44-1999, including but not limited to Chrysology. Therefore, Baca is jointly and severally liable under A.R.S. § 44-1999 to the same extent as Chrysology for any violations of A.R.S. § 44-1991.

III.

ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents consent to the entry of this Order, attached and incorporated by reference, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondents, and any of Respondents agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED that Respondents comply with the attached Consent to Entry of Order.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondent Baca shall, jointly and severally with Chrysology under Docket No. S-21124A-20-0292, pay an administrative penalty in the amount of \$10,000 as a result of the conduct set forth in the Findings of Fact and Conclusions of Law. Payment is due in full on the date of this Order. Payment shall be made to the "State of Arizona." Any amount outstanding shall accrue interest as allowed by law.

For purposes of this Order, a bankruptcy filing by Respondents shall be an act of default. If Respondents do not comply with this Order, any outstanding balance may be deemed in default and shall be immediately due and payable.

IT IS FURTHER ORDERED, that if Respondents fail to comply with this order, the Commission may bring further legal proceedings against Respondents, including application to the superior court for an order of contempt.

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IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION


CHAIRWOMAN MÁRQUEZ PETERSON


COMMISSIONER KENNEDY


COMMISSIONER OLSON


COMMISSIONER TOVAR


COMMISSIONER O'CONNOR



IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT,
Executive Director of the Arizona Corporation Commission,
have hereunto set my hand and caused the official seal of the
Commission to be affixed at the Capitol, in the City of
Phoenix, this 22 day of January,
2021.


MATTHEW J. NEUBERT
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Carolyn D. Buck, ADA
Coordinator, voice phone number (602) 542-3931, e-mail cdbuck@azcc.gov.

(CAN)

CONSENT TO ENTRY OF ORDER

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2 1. Respondents admit the jurisdiction of the Commission over the subject matter of this
3 proceeding. Respondents acknowledge that Respondents have been fully advised of Respondents'
4 right to a hearing to present evidence and call witnesses and Respondents knowingly and
5 voluntarily waive any and all rights to a hearing before the Commission and all other rights
6 otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona
7 Administrative Code. Respondents acknowledge that this Order to Cease and Desist, Order for
8 Administrative Penalties, and Consent to Same ("Order") constitutes a valid final order of the
9 Commission.

10 2. Respondents knowingly and voluntarily waive any right under Article 12 of the
11 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief
12 resulting from the entry of this Order.

13 3. Respondents acknowledge and agree that this Order is entered into freely and
14 voluntarily and that no promise was made or coercion used to induce such entry.

15 5. Respondents Baca and Chrysology have been represented by an attorney in this
16 matter, have reviewed this order with their attorney, Norman Keyt of KEYTLaw, LLC, and
17 understand all terms it contains. Respondents Baca and Chrysology acknowledge that their
18 attorney has apprised them of their rights regarding any conflicts of interest arising from dual
19 representation. Respondents Baca and Chrysology acknowledge that they have each given their
20 informed consent to such representation.

21 6. Respondents admit the Findings of Fact and Conclusions of Law contained in this
22 Order. Respondents agree that Respondents shall not contest the validity of the Findings of Fact
23 and Conclusions of Law contained in this Order in any present or future proceeding in which the
24 Commission is a party.

25 7. Respondents further agree that they shall not deny or contest the Findings of Fact
26 and Conclusions of Law contained in this Order in any present or future: (a) bankruptcy

1 proceeding, or (b) non-criminal proceeding in which the Commission is a party (collectively,
2 “proceeding(s)”). They further agree that in any such proceedings, the Findings of Fact and
3 Conclusions of Law contained in this Order may be taken as true and correct and that this Order
4 shall collaterally estop them from re-litigating with the Commission or any other state agency, in
5 any forum, the accuracy of the Findings of Fact and Conclusions of Law contained in this Order.
6 Respondents Baca and Chrysology agree that, in the event either pursues bankruptcy protection in
7 the future, in such bankruptcy proceeding, pursuant to 11 U.S.C. § 523(a)(19), the following
8 circumstances exist:

9 A. The obligations incurred as a result of this Order are a result of the conduct set forth
10 in the Findings of Fact and Conclusions of Law in the Order and are for the violation of Arizona
11 state securities laws, pursuant to 11 U.S.C. § 523(a)(19)(A)(i);

12 B. This Order constitutes a judgment, order, consent order, or decree entered in a state
13 proceeding pursuant to 11 U.S.C. § 523(a)(19)(B)(i), a settlement agreement entered into by Baca
14 and Chrysology pursuant to 11 U.S.C. § 523(a)(19)(B)(ii), and a court order for damages, fine,
15 penalty, citation, restitution payment, disgorgement payment, attorney fee, cost or other payment
16 owed by Baca and Chrysology pursuant to 11 U.S.C. § 523(a)(19)(B)(iii).

17 8. By consenting to the entry of this Order, Respondents agree not to take any action or
18 to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of
19 Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual
20 basis.

21 9. While this Order settles this administrative matter between Respondents and the
22 Commission, Respondents understand that this Order does not preclude the Commission from
23 instituting other administrative or civil proceedings based on violations that are not addressed by
24 this Order.

1 10. Respondents understand that this Order does not preclude the Commission from
2 referring this matter to any governmental agency for administrative, civil, or criminal proceedings
3 that may be related to the matters addressed by this Order.

4 11. Respondents understand that this Order does not preclude any other agency or
5 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal
6 proceedings that may be related to matters addressed by this Order.

7 12. Respondents agree that Respondents will not apply to the state of Arizona for
8 registration as a securities dealer or salesman or for licensure as an investment adviser or
9 investment adviser representative until such time as all penalties under this Order are paid in full.

10 13. Respondents agree that Respondents will not exercise any control over any entity
11 that offers or sells securities or provides investment advisory services within or from Arizona until
12 such time as all penalties under this Order are paid in full.

13 14. Respondents consent to the entry of this Order and agree to be fully bound by its
14 terms and conditions.

15 15. Respondents acknowledge and understand that if Respondents fail to comply with
16 the provisions of the order and this consent, the Commission may bring further legal proceedings
17 against Respondents, including application to the superior court for an order of contempt.

18 16. Respondents understand that default shall render Respondents liable to the
19 Commission for its costs of collection, including reasonable attorneys' fees and interest at the
20 maximum legal rate.

21 17. Respondents agree and understand that if Respondents fail to make any payment as
22 required in the Order, any outstanding balance shall be in default and shall be immediately due and
23 payable without notice or demand. Respondents agree and understand that acceptance of any
24 partial or late payment by the Commission is not a waiver of default by the Commission.

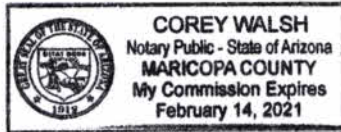
25 18. Baca represents that he is the managing member of Chrysology and has been
26 authorized by name of Chrysology to enter into this Order for and on behalf of it.



Alfred Baca

STATE OF ARIZONA)
County of *maricopa*) ss

SUBSCRIBED AND SWORN TO BEFORE me this 1st day of December, 2020





NOTARY PUBLIC

My commission expires:

February 14th, 2021

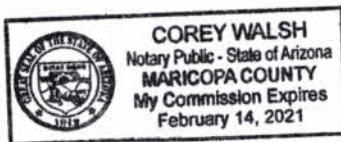
Chrysology Capital Group, LLC

By 

Its Managing Member

STATE OF ARIZONA)
County of *maricopa*) ss

SUBSCRIBED AND SWORN TO BEFORE me this 1st day of December, 2020





NOTARY PUBLIC

My commission expires:

February 14th, 2021

1 SERVICE LIST FOR: Chrysology Capital Group, LLC et al.

2
3 Norman Keyt

4 KEYTLAW, LLC

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6 *Attorney for Respondents*